

**Bradford Diocesan Academies Trust  
(A Company Limited By Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2014**

**Company registration number: 08258994**

# Bradford Diocesan Academies Trust

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## **Bradford Diocesan Academies Trust**

### **Reference and Administrative Details**

Directors	Venerable Doctor David Lee (Chairman) Reverend Barry Miller (to 21 May 2014) Mr Anthony Hesselwood Mr Dennis Richards (Chair St Oswald's Academy) (resigned 21 July 2014) Mr John Watts Reverend John Butler (Chair Christ Church Academy) (to 18 October 2014) Ms Carol Ann Dewhurst (appointed 1 April 2014) Mr Philip Turner (Chair designate Forster Academy) (appointed 21 May 2014) Reverend Canon Denise Poole (Chair St Philips Academy) (appointed 18 October 2014)
Secretary	Reverend Clive Sedgewick (resigned 21 July 2014) Ms Carol Ann Dewhurst (appointed 21 July 2014)
Senior Management Team	Ms Carol Ann Dewhurst (CEO & Company Secretary) Mr Andrew Chadwick, Acting Headteacher (St Oswald's) Mrs Phillipa Foster, Headteacher (Christ Church) Mrs Catherine Lee, Business Manager (St Oswald's) Miss Michelle Hargreaves, Headteacher (St Philip's) Mrs Sam Knowd, Business Manager (St Philip's) Mrs Leanne Firth, Business Manager (Christ Church)
Registered office	The Old School House 60 Wrose Brow Road Shipley BD18 2NT
Independent Auditors	Clough & Company LLP New Chartford House Centurion Way Cleckheaton BD19 3QB
Bankers	Co-operative Bank PLC Delf House Southway Skelmersdale WN8 6WT
Legal Advisers	Lee Bolton Monier Williams 1 The Sanctuary Westminster London SW1P 3JT

## **Bradford Diocesan Academies Trust**

### **Directors' Report for the year ended 31 August 2014**

The directors present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

#### **Structure, Governance and Management**

##### **Constitution**

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company was incorporated on 18 October 2012 and the company registration number is 08258994.

The trustees of Bradford Diocesan Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as the Bradford Diocesan Academies Trust, and includes the following academies:

- St. Oswald's Church of England Primary Academy
- Christ Church Church of England Primary Academy
- St Philip's Church of England Primary Academy (converted 1 August 2014)

Details of the directors who served during the period are included in the Reference and Administrative Details on page 2.

##### **Members' Liability**

Members are appointed by the Diocese of Bradford and Diocese of Ripon & Leeds Educational Trust and each undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### **Directors' Indemnities**

The charitable company pays a premium of £1,001 (2013 - £966) to provide indemnity insurance for the directors.

##### **Principal Activity**

The charitable company acts as sponsor for Church of England academies with a view to providing a high standard of education to the communities in which they exist.

##### **Policies and Procedures Adopted for the Induction and Training of Directors**

A programme of induction by academy visits and familiarisation with the objects and procedures is offered to new directors and appropriate training is made available.

##### **Organisational Structure**

The directors appoint LGB's for each academy to whom, in conjunction with the principal of that academy, some of the management responsibilities are delegated. A formal scheme of delegation is drawn up in consultation with the Department for Education for each LGB.

The board is supported by a Finance Committee and Strategic Groups for Primary and Secondary are being established.

## **Bradford Diocesan Academies Trust**

### **Directors' Report for the year ended 31 August 2014 (continued)**

#### **Risk Management**

The directors have identified the major risks to which the organisation is exposed, in particular those relating to the specific teaching, provision of faculties, and other operational areas of the Trust, and its finance. The directors have implemented a number of systems to assess the risks that the Trust academies face, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and academy trips) and in relation to the control of finances. They have introduced systems including operational procedures (e.g. vetting of new staff and visitors, supervision of academy grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains, directors have ensured they have adequate insurance cover. The Trust has a system of internal financial controls which it continuously strives to improve.

#### **Connected Organisations including Related Party Relationships**

The charitable company is under the control of the Diocese of Bradford and Diocese of Ripon & Leeds Educational Trust which in turn is accountable to, but not controlled by, The Diocesan Board of Education of the Diocese of West Yorkshire and the Dales.

#### **Objectives and Activities**

##### **Objects and Aims**

The objects of the company are specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum and which shall include:

(i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England including any trust deed governing the use of the land by and academy both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the Relevant Funding Agreement), and having regard to any advice and following directives issued by the Diocesan Board of Education,

and

(ii) other academies whether with or without a designated religious character, but in relation to each of the academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves.

##### **Objectives, Strategies and Activities**

The objectives for the year determined by the board were to build a robust and effective central support structure and to provide initial support to the two schools, enabling the governors and senior leadership teams to improve the performance. Consultants were engaged to steer the improvement programme in each school and a recruitment programme was implemented to appoint a full time CEO and part time business manager and finance officer to work from a newly created central office. A team was appointed who worked hard to further establish procedures and both challenge and support the local teams within the two schools. The opportunity arose to sponsor a further failing school and open a secondary school in 2015. These projects created greater demand on the team but help to build a firmer base from which the Trust can achieve its objects by delivering a good standard of education in its academies.

##### **Public Benefit**

In line with the policy of the Church of England the academies offer an education, with a Christian ethos, to the whole local community; encouraging good educational standards and an engagement with the wider community.

## **Bradford Diocesan Academies Trust**

### **Directors' Report for the year ended 31 August 2014 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

St. Oswald's Church of England Primary Academy and Christ Church Church of England Primary Academy operated as Trust Academies throughout the year. St Philip's Church of England primary academy opened on 1 August 2014.

All three schools had been identified as needing an improvement in standards. The Headteacher at St Oswald's, having laid the foundations of a team to lead improvement, has moved to a new role. Recent inspection at St. Oswald's indicate that an effective team has been appointed although current year's results were again under standard. Christ Church also needs continued support and recent reports suggest that the school is vulnerable due to high staff turnover at the end of the 2013-14 academic year. As such the Trust is looking to invest more heavily in school improvement in 2014-15.

A CEO was appointed on 1 April with a part time Business Manager and part time Finance Officer. A robust regime of providing support to the schools is now in place to ensure that a good standard of education is provided within each school.

##### **Going Concern**

After making appropriate enquiries, the board of directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

##### **Key financial performance indicators**

The directors of the Bradford Diocesan Academies Trust are aware that the academies within the trust are still on a school improvement journey. They look to continue to drive results across the sponsored academies, each with its own history of underperformance against both floor standards and the Ofsted framework. All three Academies remain below floor in 2014, although no Academy remains an Ofsted school for concern (category 4).

To drive school improvement, the Bradford Diocesan Academies Trust Board has agreed to increase the investment in school improvement in 2014-15 to buy in targeted and bespoke support to allow the academy trust to deliver its ambition of rapid and sustainable school improvements.

##### **Financial review**

Both Academies have operated at a surplus in the year which gives the directors concern. Whilst it is imperative that the Trust builds some working capital reserve it is also vital that the necessary resources are spent to improve the educational standards within the schools. Capital works are planned which will utilise some of the unrestricted reserves in the current financial year.

Restricted reserves are overdrawn only insofar as the long term pension liability is in excess of the current reserve.

The position does not give cause for concern but does mean that it will be some time before the desired financial position is achieved.

##### **Reserves policy**

The Directors of the Bradford Diocesan Academies Trust monitor the reserve levels of the Trust on a regular basis. These reviews encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

##### **Investment policy**

The Accounting Officer will review cash flow, discuss current investment opportunities with the Academies Trust Bank Manager and make recommendations to Governors on investment proposals. The Board have wide investment powers but all current reserves are seen as being required in the short term.

## **Bradford Diocesan Academies Trust**

### **Directors' Report for the year ended 31 August 2014 (continued)**

#### **Plans for Future Periods**

The directors will continue to maintain the improvement of standards at each academy. Plans are being formulated to make building alterations at St Oswald's. A new-build senior school, Forster Academy, is due to open in September 2015. A Headteacher has been appointed to start in January 2015. The construction is being undertaken by City of Bradford Metropolitan District Council and will be handed over prior to opening. Pre-opening funding is being supplied by Bradford LEA and a funding agreement will be in place with the DFE for operating costs from Spring 2015. The LEA will still continue to provide funding for diseconomies of scale until the school has a full compliment of students. The LEA have also guaranteed they will fund us as full in year 1 of the Academy (2015-16).

#### **Auditor**

Insofar as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report, incorporating a strategic report, approved by order of the board of directors, on 11 December 2014 and signed on the board's behalf by:



**Venerable Doctor David Lee**  
Director

## Bradford Diocesan Academies Trust

### Governance Statement

#### Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Bradford Diocesan Academies Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The staff, under the direction of the CEO as Accounting Officer, hold the day-to-day responsibility for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bradford Diocesan Academies Trust and the Secretary of State For Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Financial matters are dealt with by a Finance Committee consisting of Board and staff members who are responsible for ensuring that internal controls are implemented and that risks are kept under review.

#### Governance.

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 9 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Venerable Doctor David Lee	8	9
Reverend Barry Miller	1	4
Mr Anthony Hesselwood	8	9
Mr Dennis Richards	4	8
Mr John Watts	7	9
Reverend John Butler	5	9
Mr Philip Turner	3	3
Ms Carol Dewhurst	2	2

Each academy has a Local Governing Body which have some delegated powers as defined in a Scheme of Delegation. The directors believe the current governance structure is appropriate to the size of the academies trust and acknowledge that this will be developed over time as the number of academies in the trust increases.

The Finance Committee is a sub-committee of the main board of directors. Its purpose during the year was to prepare and approve the budget figures for the 2014/15 academic year before submission to the Education Funding Agency. Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr John Watts	1	1
Mr Anthony Hesselwood	1	1

#### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the School Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bradford Diocesan Academies Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.



## **Bradford Diocesan Academies Trust**

### **Governance Statement (continued)**

#### **Capacity to handle risk**

The board of directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

#### **The Risk and Control Framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of directors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the directors have recently appointed Anthony Peter Hesselwood FCA, a non-executive trustee, as Responsible Officer (RO). Previously the RO or a board member has attended business/finance meetings at each academy and made informal enquiries of the governors and business managers concerning the procedures followed.

The RO's role includes giving advice on financial matters and performing a range of checks on the School Trust's financial systems. The RO will report to the board of directors on the operation of the systems of control and on the discharge of the board of director's financial responsibilities.


#### **Review of effectiveness**

As Accounting Officer, the company secretary has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the financial management and governance self assessment process; and
- the work of the executive managers within the School Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of directors on 11 December 2014 and signed on its behalf by:



**Venerable Doctor David Lee**  
Chairman



**Ms Carol Dewhurst**  
Accounting Officer

## **Bradford Diocesan Academies Trust**

### **Statement of Regularity, Propriety and Compliance**

As accounting officer of Bradford Diocesan Academies Trust I have considered my responsibility to notify the Academy Trust's board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Academy Trust board of directors, are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**Carol Dewhurst**  
Accounting Officer

## **Bradford Diocesan Academies Trust**

### **Statement of Directors' Responsibilities**

The directors (who act as Trustees of Bradford Diocesan Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

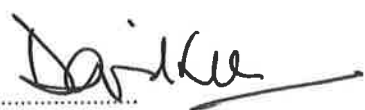
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the board of Directors on 11 December 2014 and signed on its behalf by:



**Venerable Doctor David Lee**

Director

## **Bradford Diocesan Academies Trust**

### **Independent Auditors' Report to the members of Bradford Diocesan Academies Trust**

We have audited the financial statements of Bradford Diocesan Academies Trust for the year ended 31 August 2014, which comprise the Statement of Financial Activities, the Income and Expenditure Account, the Balance Sheet, the Principle Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' Report, the directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006;
- the financial statements have been properly prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared, is consistent with the financial statements.

## **Bradford Diocesan Academies Trust**

### **Independent Auditors' Report to the members of Bradford Diocesan Academies Trust**

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



.....  
**Roland Clark FCA, DChA**

**Senior Statutory Auditor**

For and on behalf of: Clough & Company LLP, Statutory Auditor

.....  
Clough & Company LLP, Statutory Auditor  
New Chartford House  
Centurion Way  
Cleckheaton  
Bradford  
West Yorkshire  
BD19 3QB

17 December 2014

## **Bradford Diocesan Academies Trust**

### **Independent Accountant's Report on Regularity to the Board of Directors of Bradford Diocesan Academies Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 7 November 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain assurance about whether the expenditure disbursed and income received by Bradford Diocesan Academy Trust during the year to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bradford Diocesan Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Bradford Diocesan Academies Trust and EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bradford Diocesan Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Bradford Diocesan Academies Trust's Accounting Officer and the reporting Accountant**

The accounting officer is responsible, under the requirements of Bradford Diocesan Academies Trust's funding agreement with the Secretary of State for Education dated October 2012 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies: Accounts Direction 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusions includes:

- checking that the academy trust's activities are consistent with its framework and its charitable objectives,
- checking that governors and key staff have disclosed their interest in related parties, discussing the same with management and reviewing transactions during the period for undisclosed related party transactions,
- checking that any related party transactions during the period are conducted at normal commercial rates,
- checking that academy trust expenditure is permitted by its funding agreement,
- checking that any borrowings entered into, including leases, are in accordance with the Academies Handbook,
- checking that any land and building transactions, especially disposals, are in line with the funding agreement and Academies Handbook

## **Bradford Diocesan Academies Trust**

### **Independent Accountant's Report on Regularity to the Board of Directors of Bradford Diocesan Academies Trust and the Education Funding Agency (continued)**

#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....  
**Roland Clark FCA, DChA**

**Reporting Accountant**

For and on behalf of: Clough & Company LLP

.....  
Clough & Company LLP  
New Chartford House  
Centurion Way  
Cleckheaton  
Bradford  
West Yorkshire  
BD19 3QB

17 December 2014

## Bradford Diocesan Academies Trust

### Statement of Financial Activities for the year ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000 <i>(as restated)</i>
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Transfer on conversion	2	29	-	2,033	2,062	199
Voluntary income	2	185	-	-	185	138
Activities for generating funds	3	13	-	-	13	6
Investment income	4	2	14	-	16	5
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	5	46	4,008	211	4,265	2,207
Other income	6	102	-	-	102	64
<b>Total incoming resources</b>		<b>377</b>	<b>4,022</b>	<b>2,244</b>	<b>6,643</b>	<b>2,619</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Fundraising trading		5	-	-	5	2
<i>Charitable activities</i>						
Academy Trust educational operations	7	244	3,731	19	3,994	2,095
<i>Governance Costs</i>	8	-	10	-	10	38
<b>Total resources expended</b>		<b>249</b>	<b>3,741</b>	<b>19</b>	<b>4,009</b>	<b>2,135</b>
<b>Net income for the year</b>		<b>128</b>	<b>281</b>	<b>2,225</b>	<b>2,634</b>	<b>484</b>
<b>Other recognised gains and losses</b>						
Defined benefit pension scheme liabilities transferred	17,24	-	(120)	-	(120)	(290)
Actuarial losses on defined benefit pension scheme	17,24	-	(209)	-	(209)	(45)
<b>Net movement in funds</b>		<b>128</b>	<b>(48)</b>	<b>2,225</b>	<b>2,305</b>	<b>149</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2013		282	(142)	9	149	-
Total funds carried forward at 31 August 2014		<b>410</b>	<b>(190)</b>	<b>2,234</b>	<b>2,454</b>	<b>149</b>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

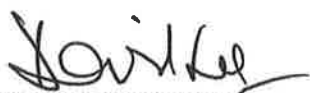


**Bradford Diocesan Academies Trust**  
**Company number 08258994**

**Balance Sheet as at 31 August 2014**

	Note	2014 £000	2014 £000	2013 £000	2013 £000
				<i>(as restated)</i>	
<b>Fixed assets</b>					
Tangible assets	14		2,234		-
<b>Current assets</b>					
Debtors	15	352		140	
Cash at bank and in hand		751		443	
		<u>1,103</u>		<u>583</u>	
<b>Current Liabilities</b>					
Creditors; amounts falling due within one year	16	<u>(199)</u>		<u>(94)</u>	
<b>Net current assets</b>			904		489
Pension scheme liability	24		(684)		(340)
<b>Net assets including pension liability</b>			<u>2,454</u>		<u>149</u>
<b>Representing</b>					
<b>Restricted funds</b>					
- General fund	17	403		119	
- Fixed asset fund	17	2,234		9	
- School improvement fund	17	91		79	
- Pension fund	17	<u>(684)</u>		<u>(340)</u>	
<b>Total restricted funds</b>			2,044		(133)
<b>Unrestricted Funds</b>					
- General fund	17		410		282
<b>Total unrestricted funds</b>					
<b>Total funds</b>			<u>2,454</u>		<u>149</u>

The financial statements on pages 15-33 were approved by the trustees and authorised for issue on 11 December 2014 and are signed on their behalf by:



**Venerable Doctor David Lee**  
Chairman of trustees

**Bradford Diocesan Academies Trust**  
**Company number 08258994**

**Cash Flow Statement for the Year Ended 31 August 2014**

	Note	2014 £000	2013 £000
<b>Reconciliation of net incoming resources to net cash inflow from operating activities</b>			
Net incoming resources		2,634	484
Depreciation		19	-
Increase in debtors		(212)	(140)
Increase in creditors		105	94
Transfer of fixed assets on conversion		(2,033)	-
FRS17 pension cost less contributions payable (note 24)		15	5
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		528	443
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(220)	-
		<hr/>	<hr/>
<b>Increase/(decrease) in cash</b>		<u>308</u>	<u>443</u>
<b>Reconciliation of net cash flow movement in net funds</b>			
Net funds at 1 September 2013		443	-
Increase in cash		<u>308</u>	<u>443</u>
<b>Net funds at 31 August 2014</b>		<u>751</u>	<u>443</u>

# **Bradford Diocesan Academies Trust**

## **Notes to the Financial Statements for the year ended 31 August 2014**

### **1 Statement of Accounting Policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable UK Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### **Going Concern**

The directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### **Incoming resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted property development fund.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

Other income is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated Services and Gifts in Kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust is material and can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

### 1 Accounting Policies (continued)

#### Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of Generating Funds**

These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

- **Charitable activities**

These are the costs incurred on the Academy Trust's educational operations.

- **Governance Costs**

These include the costs attributable to formation and the company's compliance with constitutional and statutory requirements, including audit, strategic management and directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestrictive funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

- |                                    |                                   |
|------------------------------------|-----------------------------------|
| • Long Leasehold buildings         | 100 years (from 1 September 2014) |
| • Fixtures, fittings and equipment | 5 years                           |
| • ICT equipment                    | 3 years                           |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

#### Land and buildings

The land and buildings that the Academies operate from are properties held in trust by The Bradford Diocesan Board of Finance Limited (BDBF). They are held in trust for the delivery of education and are made available for St Oswald's Church of England Primary Academy and Christ Church Church of England Primary Academy. As such the land and buildings have not been included as a fixed asset. St Phillips will be held under a 125 year lease from the City of Metropolitan District Council.

Rent for use of the land and buildings is charged based on directors' best estimates. The accounts include a donation in kind equivalent to the market value of rent.

# **Bradford Diocesan Academies Trust**

## **Notes to the Financial Statements for the year ended 31 August 2014**

### **1 Accounting Policies (continued)**

#### **Leased Assets**

Rentals under operating leases are charged on an accruals basis over the term of the lease.

#### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pension Benefits**

Retirement benefits to the employees of the Academy Trust are provided by the Teachers' Pension Scheme (TPS) and the West Yorkshire Pension Scheme (WYPS). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The WYPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the directors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency and Department for Education.

# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

<b>2 Voluntary Income</b>	<b>Unrestricted Funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Transfer on conversion	29	2,033	2,062	199
<b>Other voluntary income</b>				
Sponsorship in kind	183	-	183	137
Other donations	2	-	2	1
	<u>185</u>	<u>-</u>	<u>185</u>	<u>138</u>
	<u><b>214</b></u>	<u><b>2,033</b></u>	<u><b>2,247</b></u>	<u><b>337</b></u>
<b>3 Activities for Generating Funds</b>	<b>Unrestricted Funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Fundraising	6	-	6	4
Other	7	-	7	2
	<u>13</u>	<u>-</u>	<u>13</u>	<u>6</u>
<b>4 Investment income</b>	<b>Unrestricted Funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
Bank interest	2	-	2	1
Other finance income	-	14	14	4
	<u>2</u>	<u>14</u>	<u>16</u>	<u>5</u>
<b>5 Funding for the academy trust's Educational Operations</b>	<b>Unrestricted Funds £000</b>	<b>Restricted funds £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
<b>DfE / EFA Grants</b>				<i>(as restated)</i>
General annual Grant	-	3,178	3,178	1,800
Start up Grant	-	168	168	50
School Improvement Grant	-	45	45	80
Capital Grants	-	150	150	-
Other DfE/EFA Grants	-	617	617	264
	<u>-</u>	<u><b>4,158</b></u>	<u><b>4,158</b></u>	<u><b>2,194</b></u>
<b>Other Grants</b>	46	61	107	13
	<u><b>46</b></u>	<u><b>4,219</b></u>	<u><b>4,265</b></u>	<u><b>2,207</b></u>

# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

### 6 Other income generated from educational operations

	Unrestricted Funds £000	Restricted funds £000	Total 2014 £000	Total 2013 £000
Recharges and fees	-	-	-	47
Miscellaneous income	102	-	102	17
	<b>102</b>	<b>-</b>	<b>102</b>	<b>64</b>

### 7 Charitable Activities

	Total 2014 £000	Total 2013 £000
<b>Direct Costs - educational operations</b>		
Teaching and educational support staff costs	1,970	1,265
Technology costs	38	28
Educational supplies	228	48
Staff development	63	14
Educational consultancy	207	30
Other direct costs	26	48
	<b>2,532</b>	<b>1,433</b>
<b>Support Costs - educational operations</b>		
Support staff costs	561	237
Depreciation	19	-
Technology costs	33	-
Recruitment and support	17	8
Maintenance of premises and equipment	89	29
Rent and rates	256	140
Energy costs	51	35
Cleaning	14	4
Insurance	29	23
Security	6	6
Catering	158	84
Professional fees	192	73
Other support costs	37	23
	<b>1,462</b>	<b>662</b>
<b>Total direct and support costs</b>	<b>3,994</b>	<b>2,095</b>

# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

### 8 Governance Costs

	Total 2014 £000	Total 2013 £000
Formation costs	-	33
Clerking and SLA	2	-
Indemnity insurance	1	1
Audit	6	4
Trustees reimbursed expenses	1	-
	<b>10</b>	<b>38</b>

### 9 Resources Expended

	Staff Costs £000	Non pay Expenditure Premises £000	Other £000	Total 2014 £000	Total 2013 £000
Cost of generating income	-	-	5	5	2
Academies' educational activity					
Direct Costs	1,970	-	562	2,532	1,424
Support costs	561	327	574	1,462	662
	<b>2,531</b>	<b>327</b>	<b>1,141</b>	<b>3,999</b>	<b>2,088</b>
Governance Costs	-	-	10	10	38
	<b>2,531</b>	<b>327</b>	<b>1,151</b>	<b>4,009</b>	<b>2,126</b>

### Outgoing resources for the period include

	2014 £000	2013 £000
Operating leases	12	14
Fees payable to auditor	6	4



## Bradford Diocesan Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2014

#### 10 Staff

##### a. Staff costs

	2014 £000	2013 £000
Wages and salaries	2,065	1,220
Social security costs	164	80
Pension costs	302	146
	<u>2,531</u>	<u>1,446</u>
Supply costs	125	47
	<u><b>2,656</b></u>	<u><b>1,493</b></u>

##### b. Staff numbers

The average number of persons (including senior management team) employed by the academy during the period expressed as full time equivalents was as follows:

	2014 No.	2013 No.
<b>Charitable Activities</b>		
Teachers	44	24
Administration and support	49	35
Management	-	-
	<u><b>93</b></u>	<u><b>59</b></u>

##### c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2014 No.	2013 No.
£60,001 - £70,000	<u>1</u>	<u>-</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for this member of staff amounted to £9,394.

#### 11 Central Services

The academy trust has provided the following central services to its academies during the year:

Management and Governance Oversight  
Educational support services  
Financial services

The trust charges for these services as a percentage (3%) of GAG income.

The actual amounts charged during the year were as follows:

	2014 £000
St Oswald's	65
Christ Church	26
St Phillips (1m only)	2
	<u><b>93</b></u>

## Bradford Diocesan Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2014

#### 12 Related Party Transactions - Governors' Remuneration and Expenses

During the period ended 31 August 2014 there was no governors remuneration charged to the academy trust.

During the period ended 31 August 2014, travel and subsistence expenses totalling £1,100 (2013 - £422) were reimbursed to four (2013 - three) governors.

#### 13 Governors' and Officers' Insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,001 (2013 - £966).

The cost of this insurance is included in the total insurance cost.

#### 14 Tangible Fixed Assets

	<b>Leasehold Land and Buildings £000</b>	<b>Assets under Construction £000</b>	<b>Furniture and Equipment £000</b>	<b>Computer Equipment £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 September 2013	-	-	-	-	-
Additions	2,048	83	18	104	<b>2,253</b>
Disposals	-	-	-	-	-
At 31 August 2014	2,048	83	18	104	<b>2,253</b>
<b>Depreciation</b>					
At 1 September 2013	-	-	-	-	-
Charged	-	-	-	19	<b>19</b>
Disposals	-	-	-	-	-
At 31 August 2014	-	-	-	19	<b>19</b>
<b>Net book values</b>					
At 31 August 2014	<b>2,048</b>	<b>83</b>	<b>18</b>	<b>85</b>	<b>2,234</b>
At 31 August 2013	-	-	-	-	-

The Trust entered into a lease agreement with City Of Bradford Metropolitan District Council for the premises for St Philips CE Primary School, Whitby Terrace, Bradford. The lease took effect from 1 August 2014 and is for 125 years at a peppercorn rent.

The directors have used the best valuation available for St. Phillips Church of England Primary Academy's land and buildings, which is based on an insurance valuation, and will be reviewed when improved information is available.

# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

### 15 Debtors

	2014 £000	2013 £000
Trade debtors	116	42
VAT recoverable	214	58
Prepayments and accrued income	22	40
	<b>352</b>	<b>140</b>

### 16 Creditors : Amounts falling due within one Year

	2014 £000	2013 £000
Trade creditors	118	43
Other creditors	30	11
Accruals and deferred income	51	40
	<b>199</b>	<b>94</b>

### 17 Funds

	Balance at 1 Sept 2013 £000 <i>(as restated)</i>	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2014 £000
<b>Restricted general funds</b>					
General Annual Grant	119	3,178	(3,042)	-	<b>255</b>
Start Up Grant	-	168	(20)	-	<b>148</b>
Other DFE/EFA grants	-	617	(617)	-	<b>-</b>
School improvement	79	45	(33)	-	<b>91</b>
Pension reserve	(340)	14	(29)	(329)	<b>(684)</b>
	<b>(142)</b>	<b>4,022</b>	<b>(3,741)</b>	<b>(329)</b>	<b>(190)</b>
<b>Restricted fixed asset funds</b>					
DfE/ EFA capital grants	9	150	(19)	-	<b>140</b>
Transferred on conversion	-	2,033	-	-	<b>2,033</b>
Private sector capital sponsorship	-	61	-	-	<b>61</b>
	<b>9</b>	<b>2,244</b>	<b>(19)</b>	<b>-</b>	<b>2,234</b>
<b>Total restricted funds</b>	<b>(133)</b>	<b>6,266</b>	<b>(3,760)</b>	<b>(329)</b>	<b>2,044</b>
<b>Unrestricted reserves</b>					
General	282	377	(249)	-	<b>410</b>
<b>Total unrestricted funds</b>	<b>282</b>	<b>377</b>	<b>(249)</b>	<b>-</b>	<b>410</b>
<b>Total funds</b>	<b>149</b>	<b>6,643</b>	<b>(4,009)</b>	<b>(329)</b>	<b>2,454</b>

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

### 17 Funds continued

The specific purposes for which the funds are to be applied are as follows:

#### Restricted General Funds

GAG must be used for the normal running costs of the academy trust. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Other DfE/EFA and government grants are used specifically for the purpose for which they are intended.

#### Restricted Fixed Asset Funds

Restricted fixed assets have been funded by surpluses from trading activities.

#### Unrestricted Funds

Unrestricted funds relate to the improvement grants received for each academy. The terms of the grant state this must be spent within 6 years of receipt on academy improvement projects.

### 18 Analysis of net assets between Funds

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total Funds £000</b>
Tangible fixed assets	-	-	201	201
Current assets	410	693	-	1,103
Current liabilities	-	(199)	-	(199)
Pension scheme liability	-	(684)	-	(684)
	<b>410</b>	<b>(190)</b>	<b>201</b>	<b>421</b>

### 19 Financial Commitments

At 31 August 2013 the academy had annual commitments under operating leases for educational and administration equipment amounting to:

	<b>2014 £000</b>	<b>2013 £000</b>
Expiring within 1 year	11	2
Expiring with 2 to 5 years	24	7
Expiring in over 5 years	1	1

### 20 Related Party Transactions

The academy trust is related to Educational Development Limited which is a trading company of the Diocesan Board of Education. During the period the following transactions took place between the academy trust and this related party:

	<b>2014 £000</b>	<b>2013 £000</b>
Professional fees	8	30
Period end creditor	-	9

## Bradford Diocesan Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2014

#### 21 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

#### 22 Capital Commitments

	2014 £000	2013 £000
Contracted for, but not provided in the financial statements	95	-

#### 23 Events after the Balance Sheet date

The Trust has entered into a lease with City of Bradford Metropolitan Council for recreational land attached to St Oswald's C of E Primary Academy.

#### 24 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2010.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you basis' - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid for by public funds provided by Parliament.

**Notes to the Financial Statements for the year ended 31 August 2014**

**24 Pension and similar obligations (continued)**

**Introduction (Continued)**

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contributions rate applies, which if it were paid over the entire active service of those teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%. From January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of  $\frac{1}{57}^{\text{th}}$ ; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

## Bradford Diocesan Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2014

#### 24 Pension and similar obligations (continued)

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pensions Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the net assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £150,500 of which employers contributions totalled £111,800 and employees' contributions totalled £38,700. The agreed contribution rates for future years are 17.2% for employers and between 5.5% and 12.5% (dependant on levels of pensionable pay) for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

#### Principal Actuarial Assumptions

	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	3.60%	3.90%
Rate of increase for pensions in payment / inflation	2.10%	2.40%
Discount rate for scheme liabilities	3.70%	4.50%
Inflation assumption (CPI)	2.10%	2.10%
Commutation of pensions to lump sums	75.00%	75.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.5	22.4
Females	25.4	25.3
<i>Retiring in 20 years</i>		
Males	24.7	24.5
Females	27.7	27.6

## Bradford Diocesan Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2014

#### 24 Pension and similar obligations (continued)

##### Local Government Pension Scheme (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2014	Fair Value at 31 August 2014	Expected return at 31 August 2013	Fair Value at 31 August 2013
		£000		£000
Equities	7.5	1,451	7.9	912
Bonds	3.1	299	3.8	213
Property	6.8	64	7.4	38
Cash	1.1	75	0.9	47
Other	7.5	43	7.9	37
<b>Total market value of assets</b>		<u>1,932</u>		<u>1,247</u>
<b>Present value of scheme liabilities</b>				
- Funded		(2,616)		(1,587)
<b>Deficit in the scheme</b>		<u>(684)</u>		<u>(340)</u>

A building block approach is used to determine the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the accounting date.

The actual return on scheme assets was £149,000 (2013: £95,000)

##### Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost	(141)	(62)
Past service cost	-	-
Total operating charge	<u>(141)</u>	<u>(62)</u>
<b>Analysis of pension finance income / (costs)</b>		
Expected return on pension scheme assets	91	46
Interest on pension liabilities	(77)	(42)
Pension finance income	<u>14</u>	<u>4</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is £209,000 (2013 - £45,000).



# Bradford Diocesan Academies Trust

## Notes to the Financial Statements for the year ended 31 August 2014

### 24 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

Movements in the present value of defined benefit obligations were as follows:

	2014 £000	2013 £000
<b>At 1 September</b>	1,587	1,045
Current service cost	141	62
Interest cost	77	42
Employee contributions	39	17
Actuarial (gain)/loss	267	94
Benefits paid	(2)	(1)
Past Service Cost	-	-
Curtailments and settlements	-	-
Net increase in liabilities from disposals and acquisitions	507	328
<b>At 31 August</b>	<u>2,616</u>	<u>1,587</u>

Movements in the fair value of academy's share of scheme assets:

	2014 £000	2013 £000
<b>At 1 September</b>	1,247	802
Expected return on assets	91	46
Actuarial (gain)/loss	58	49
Employer Contributions	112	53
Employee Contributions	39	17
Benefits paid	(2)	(1)
Net increase in assets from disposals and acquisitions	387	281
<b>At 31 August</b>	<u>1,932</u>	<u>1,247</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £137,000.

History of experience adjustments is as follows:

	2014 £000	2013 £000
Present Value of defined benefit obligations	(2,616)	(1,587)
Fair value of share of scheme assets	1,932	1,247
Deficit in the scheme	<u>(684)</u>	<u>(340)</u>
Experience adjustments on share of scheme assets	58	49
Experience adjustments on scheme liabilities	-	-

## Bradford Diocesan Academies Trust

### Notes to the Financial Statements for the year ended 31 August 2014

#### 25 Conversion to an academy trust

On 1 August 2014, St Phillips Church of England Primary School, converted to academy trust status under the Academies Act 2010 and all the operations assets and liabilities were transferred to The Bradford Diocesan Academies Trust from Bradford Metropolitan District Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities and an analysis of their recognition in the SOFA.

	<b>Unrestricted fund £000</b>	<b>Restricted general fund £000</b>	<b>Total £000</b>
Leasehold land and buildings	-	2,033	2,033
School budget surplus funds	29	-	29
LGPS pension deficit	-	(120)	(120)
Net assets/(liabilities)	<b>29</b>	<b>1,913</b>	<b>1,942</b>

#### 26 Prior period adjustment

In the previous period, the Academy Trust was unable to obtain the required information for complete valuation and disclosure of the pension scheme liability. This information has now been obtained and as such, the prior period figures have been adjusted.